

the board of directors

Donald R. Hodges
president

Douglas I. Payne
vice president

W. D. Prince, III, M.D.
secretary

Marshall W. Stowe
treasurer

W. Clay Campbell

Robert M. Davis

Michael P. Haley

William D. Lewis, M.D.
(Retirement Date 5/25/2004)

Simone H. Redd

Joseph A. Roach

Eliza H. Severt

Paul B. Toms, Jr.

New Board Members

Effective 01/01/2005

Gracie R. Agnew

Leonard S. Poirier, M.D.

letter from Donald R. Hodges,
2004 foundation president & chairman

This past year has been an exciting period for the Harvest Foundation and a gratifying time for me personally. Many of the governance, management, financial and investment activities begun earlier, during our organizing phase, were completed in 2004. This enabled the Foundation to turn its attention to the organization's primary mission – grantmaking. As a result, since its inception, the Foundation authorized \$16.1 million for 68 grants and made \$6,104,512 in grant payments in 2004.

Like many small, rural Southern communities with eroding manufacturing bases, the Martinsville area faces a continuing array of challenges, especially with respect to health care, education and jobs. I believe that there is now a general new sense of optimism. Our challenges, while still daunting, seem a little less formidable. I have a renewed confidence that our community is coming together and addressing our issues in a fresh and creative manner.

During this past year, we said goodbye to one Board Director and added two new members to help map our future. Dr. William Lewis, M.D., chose to retire in 2004 after helping guide us through the tough issues related to the sale of the hospital and the initial establishment of the Foundation. We were fortunate to have his wisdom and sage counsel during this transitional period and our Board will miss him as part of our team. On the other hand, we are privileged to have Leonard Poirier, M.D., and Mrs. Gracie Agnew elected to the Board at our final meeting of the year.

Dr. Poirier, a radiologist at Memorial Hospital of Martinsville and Henry County, is a native of California and has been a resident of Martinsville since 1993. He is a member of the advisory committee that directed the development of the region's economic strategy and plan and is involved in many other civic affairs. Mrs. Agnew, Director of Instruction for Henry County Schools, is a resident of Henry County. She has served as both a high school and a middle school principal. Mrs. Agnew has been involved as a volunteer with numerous activities for young people. I know that Len and Gracie will make important contributions to the Foundation's work going forward.

I will step down as President and Chairman on December 31, 2004. I am grateful to have had the opportunity to serve in this capacity during the past two years. I am also proud of the work that the Foundation Board and Staff have accomplished and thrilled in the choice of the individual who will succeed me, Douglas I. Payne, who will be a fabulous President and Chairman. Doug is an experienced and capable leader who will exercise solid stewardship over the Foundation and is exactly the right person to lead the organization through its next stage of development. Although I will be leaving as an officer, I will not be giving up my association with Harvest, where I will continue as a Board Director. I remain fully committed to the Foundation and I am excited to continue my involvement in the Foundation's future.

Donald R. Hodges



foundation's vision

The Harvest Foundation is dedicated to making Martinsville/Henry County the residence of choice by enhancing opportunities and quality of life for all its citizens.



Firefighting I students put their skills to practice in their first control burn practicum at a new burn facility located at Henry County Department of Public Safety.

(front row, left to right) Justin Prillaman, William Edwards, Wayne Martin, Daniel Calfee
(back row, left to right) Jordan France, Jayson Harmon, Brandon Flippen, Cody Hodges, Louis Norton

The Harvest Foundation researches and responsibly invests in programs and initiatives to address local challenges in health, education and welfare.

foundation's mission

The Harvest Foundation and its subsidiaries finished the year ending December 31, 2004, with \$202.4 million in total assets. This was an increase of approximately \$11.3 million from the prior year.



the **harvest** foundation

the **harvest** foundation

2004 annual report

letter from Harry E. Cerino,

2004 foundation executive director

By the end of 2004 the Harvest Foundation completed its first full year of grants. We accomplished this through a combination of responses to proposals submitted by local nonprofits and also through Foundation launched initiatives. Harvest reacted to local conditions with a blend of charitable grants to help alleviate some of the immediate needs of individuals and families in distress and also with public policy grants that have the potential of transforming the region over the long term. It is important that a grantmaker in a small community without many funding resources strike a balance of both serving the truly needy and also exploring options to achieve community improvement and redevelopment. In one way we act with our heart for those who are suffering and in another with our brain for seeking creative solutions to pernicious problems that have become entrenched over decades. However, we are mindful that dollars spent in one area subtract from funds available for the other. There are relatively few decisions in foundation grantmaking that are without consequences, intended or otherwise. Thus, all choices that come before Harvest are weighed carefully.

Decisions to allocate scarce resources are never easy. While possessing compassion for those among us who are struggling, it is the desire of the Foundation to reach beyond a culture of poverty to effect substantive change. Foundations can provide a valuable service by helping to serve as a "research and development" function for the civic sector by testing new models, bringing in fresh outside ideas, exploring state-of-the-art programs, and connecting the area to broader statewide and national networks. This is important because while Harvest's grantmaking capacity is large, at \$6.1 million in grants paid out in 2004, it is dwarfed by the routine expenditures of local government with the city and county spending a combined \$125 million. To be effective, scarce private philanthropic dollars are used most effectively when targeted strategically. By providing venture capital for social change, Harvest will be more likely to help the region's institutions achieve informed, planned reforms. The more new things are known, the better will be the decisions that affect the public.

The Foundation advanced its legacy interest in health care this year through funding projects that provide health education and programs that support wellness and healthy lifestyles. It also worked to explore solutions to the difficult situation of the uninsured and underinsured who desperately need medical, medication, and dental care. It is our belief that the initial ground work laid in 2004 will lead to fruition next year with new health care modalities for the medically needy.

An investment of grants in forward-looking problem solving will more likely enable a community to improve for the better. In that regard, Harvest's robust support of education can be seen as a strategy that is fundamental to regional development. It is more than just an old cliché that an investment in education is an investment in the future. Some have worried that with improved education individuals will leave our community for opportunity elsewhere. On hearing this concern one of our neighbors quickly responded: "Yes, but they will lead better lives." Certainly the Harvest Foundation wants to be known as an institution that enables people to live better lives. As a result, the Foundation has continued its funding for improving preschool, primary, and secondary education. Harvest's belief is that with the Foundation's support our schools can, indeed, move from good to great.



Dr. Sharon Dodson, Superintendent,
Henry County School System

One of the favorite activities of the central office staff at Stanleytown Elementary School is participating with students in Read Aloud to a Child Week.

Building on the Foundation's support for pre-K through 12 education and its continuing support of Patrick Henry Community College, Harvest issued a \$50 million challenge to the Commonwealth of Virginia for the establishment of an institution of higher education in the Martinsville area. With a tremendous outpouring of community support for the idea, the General Assembly approved \$1 million to maintain the momentum for a new college in southern Virginia. Colleges are playing an increasing role in the economic life of their regions. Harvest does not see a university in Martinsville as a panacea but rather as another element to assist the rebirth and redefinition of our area. Richard Florida in *The Rise of the Creative Class* wrote:

"Access to talented and creative people is to modern business what access to coal and iron ore was to steelmaking. It determines where companies will choose to locate and grow, and this in turn changes the way cities must compete. As Hewlett-Packard CEO Carley Fiorina once told this nation's governors: *Keep your tax incentives and highway interchanges; we will go where the highly skilled people are.*"

Along with education, Harvest has funded quality of life improvement and economic development activities to explore alternative futures to the community's manufacturing past. With the Foundation's support, the Martinsville area completed a comprehensive economic assessment and strategy. The community has begun to implement the recommendations of that work and contemplating where its economic future may lie. One noted economist talked of "creative destruction" where new technologies and enterprises push out the old. At the same time, some still call to recreate our vanishing "basic" industrial base. Is this wise at a time when unskilled labor is increasingly becoming a global commodity? Others wonder whether a rural community like ours should pursue a high-tech research oriented path, as other regions have chosen. However, is the relevancy of pursuing this course for a community with our profile mistaking a tiny ripple on the sea's surface for a giant wave?

Some suggest that we build on the strengths of our unique local assets. Could this be a way to differentiate ourselves from other localities and attain a competitive advantage? They look to the community's inherent assets of its natural environment, history, urban, institutional, and human resources as matters to be exploited in a positive way to build a better future. It is premature to know where these divergent roads may lead. A community with limited resources cannot follow multiple roads simultaneously. Throughout this past year, Harvest has provided risk capital to explore different options, innovative approaches, and new ideas for the region's future. To a certain extent, we can create the future we want by the decisions we make today. The path we decide to select over the next year or so and the decisions the community makes on the investment of its limited resources will be instrumental in determining the type of future we will have.

The year 2004 has been a time when the Harvest Foundation began its grantmaking in earnest and began to find its voice in the region. It is impossible for a foundation to move a community in any particular direction. However, if it listens carefully, understands local concerns, and acts wisely, it has the potential of building new coalitions to enable citizens to more effectively control their own destiny and shape new and effective policies for the future. With our first small steps taken, we look forward to lengthening our stride in the coming years.

Anne Grino



The Harvest Foundation grant awarded to the Virginia Museum of Natural History has enabled the state museum to participate in the education of thousands of individuals in southside Virginia.

In 2004 The Harvest Foundation approved 40 grants totaling \$11,333,725 in its three focus areas of **health, education** and **welfare**.

education

Blue Ridge Regional Library - City of Martinsville \$95,000 to install electronic security systems in Blue Ridge Regional Library facilities to protect the collections.

Carlisle School \$150,000 over 3 years to implement a kindergarten through 12th grade literacy and math initiative.

Chamber’s Partnership for Economic Growth (CPEG) \$20,000 as a challenge grant, pending a \$5,000 contribution from the Henry County School District and a \$5,000 contribution from the Martinsville City Public School District, to continue the work to evaluate and address issues related to the consolidation of the community’s public schools.

Foundation for Virginia \$25,000 to support the Foundation’s efforts to promote education in the Commonwealth.

Higher Education Initiative
\$220,000 as a direct charitable expense to launch an effort to have the State Council on Higher Education in Virginia to conduct an analysis to bring a baccalaureate degree granting institution to Martinsville/Henry County.

\$75,000 to continue public affairs, policy and informational efforts to bring an institution of higher education to the Martinsville region.

\$2,000,000 to advance the work for the establishment of a baccalaureate degree granting institution of higher education in the Martinsville region.

Henry County Schools \$1,620,000 over 3 years to implement a kindergarten through 12th grade literacy and math initiative.

K - 12 Education Initiative \$450,250 over 3 years as a direct charitable expense to manage and monitor the Harvest Foundation’s K -12 education initiative and to launch additional elementary and secondary school programs.

Martinsville City Schools \$630,000 over 3 years to implement a kindergarten through 12th grade literacy and math initiative.

Piedmont Arts Association
\$20,401 for the Minds in Motion program for 4th grade pupils for the Fall 2004 school term.

\$20,251 to expand the “Treasure Chests” program.

health

Boys and Girls Club of Southwest Virginia, Inc. \$167,429 to launch the Healthy Community Initiative for afterschool programs to promote physical activity and good nutrition among youth.

FREE - Foundation for Rehabilitation Equipment and Endowment
\$158,000 over 3 years to start-up a program in Martinsville and Henry County to acquire, fix and provide medical equipment and assisted devices to low-income individuals with traumatic injury and/or a debilitating illness.

Henry County - Martinsville Health Department - Public Health Dentistry Services \$71,360 to implement an effort to prevent unnecessary tooth decay and other preventable dental health problems among low-income children, ages 5-18 years, in the City of Martinsville and Henry County.

Project Access of Danville, VA \$18,434 for Project Access to conduct a four-month planning process to assess the feasibility of a health care delivery model and to continue operation of the Southside MedAssist Program.

Rural Health Consultants, Inc.
\$35,075 as a direct charitable expense to determine the mix of patients and payors necessary for a viable community health center.

\$75,578 as a direct charitable expense to support the Partnership for Access and Service Expansion Program to develop a plan to serve the uninsured and medically needy.

VCU Medical College Of Virginia/Health Sciences Center
\$54,586 to launch a Community Health Initiative in Martinsville and Henry County to bring local health delivery and planning organizations together to address persistent health problems in the community.

\$53,282 to manage and evaluate the youth health program.

For more information about The Harvest Foundation’s grantmaking process, applicant requirements

| | | | | | |
|----------------------|--------------------|--------------------|--------------------|------------------|------------------|
| 47% education | \$5,325,902 | 47% welfare | \$5,374,079 | 6% health | \$633,744 |
|----------------------|--------------------|--------------------|--------------------|------------------|------------------|

welfare

Chamber’s Partnership for Economic Growth (CPEG)
 \$2,400,000 over 3 years to help support Martinsville-Henry County Economic Development, Inc., a new Partnership between the City, County and private sector dedicated to creating a climate where existing and new businesses and local entrepreneurs can create community wealth and quality jobs.

\$455,000 to start a Martinsville/Henry County Business Technology Center to provide assistance to help existing and future high-tech firms grow their business.

City of Martinsville Police Department / Henry County Police Bicycle Safety Rodeo \$20,000 over 2 years to continue and expand operation of the Police Bicycle Safety Rodeo in Martinsville and Henry County Public Schools.

Economic Development Implementation \$128,410 to oversee, monitor and help implement the newly developed Martinsville region community and economic development strategy.

Fieldale Community Center, Inc. \$38,000 in support of the Center’s immediate physical improvement and maintenance needs and to provide board development.

For the Children Partners in Prevention Coalition, Inc. \$30,066 to continue and expand operation of the Baby Think it Over program in public high schools in the City of Martinsville and Henry County.

Gateway Streetscape Foundation, Inc. \$50,500 over 2 years to expand the greening program, utilizing inmate labor for litter and landscape beautification projects on public land.

Henry County Department of Public Safety – Henry County/Martinsville High School Firefighter Program \$135,165 to enhance Martinsville and Henry County's ability to address the public safety needs of its residents through a school-based community volunteer recruitment and training program.

MARC Workshop, Inc. \$111,522 over 3 years to implement a Brain Injury Services Initiative, which will provide life skills, independent living skills, work adjustment training and socialization skills to individuals in the City of Martinsville and Henry County who are living with long-term or permanent brain injury.

National Trust for Historic Preservation \$450,000 over 3 years to launch several historic preservation and heritage efforts with Martinsville area partners that will improve the quality of life and promote economic growth.

Piedmont Arts Association
 \$9,753 supplemental grant to complete the lighting and sound system at the Martinsville High School auditorium, the primary performing arts venue in the community.

\$11,000 for a professionally facilitated Long-Range Strategic Planning Process for the Board of Directors.

Safetynet, Inc. \$420,000 to redistribute to low income people and families in crisis situations.

Southern Environmental Law Center \$50,000 to build a constituency and to launch a Martinsville regional organization to maximize the beneficial development of the community’s environmental resources and unique natural areas to create additional community wealth and jobs.

Southwestern Virginia Second Harvest Food Bank, Inc. \$125,000 to enable 27 organizations in Martinsville and Henry County to purchase and distribute food from Southern Virginia Second Harvest Food Bank to low-income, hungry families and individuals residing in the area.

Sports Complex \$100,000 to study the possibility of a sports complex to be located in the Martinsville/Henry County area.

United Way of Henry County and Martinsville, Inc.
 \$283,693 over 3 years to implement a multi-faceted initiative to strengthen the capacity and infrastructure of individual nonprofit organizations and the nonprofit sector in Martinsville and Henry County.

\$252,500 to help area nonprofit organizations respond to the needs of those in personal financial crisis situations.

Virginia Foundation for the Humanities and Public Policy \$212,220 over 2 years to further develop the Fayette Area Historical Initiative and promote a Martinsville regional African American heritage project that will support cultural and economic renewal.

West Piedmont Business Development Center \$91,250 for a continuation of the micro-enterprise revolving loan fund and a marketing effort.